

Chapter 15 Outline

What Is a Budget?
 The Budgeting Process
 Assembling the Budget
 Budgeting Guidelines
Sales Forecasting
 Forecasting Considerations for
 a New Business
 Forecasting Considerations for an
 Existing Business
 Percentage Method to Forecast Sales
 Forecasting Rooms Sales
 Forecasting Food Sales
The Relationship of Expenses to Volume
 Total Cost Equation
Variable Expenses
 Budgeting a Variable Expense
Fixed Expenses
 Budgeting a Fixed Expense
Semi-Variable Expenses
 Budgeting a Semi-Variable Expense
Breakeven Point
 Breakeven Point Formula
 Profit Target

Competencies

1. Explain the importance of budgeting and forecasting, describe the budgeting process, and summarize general guidelines for creating a budget. (pp. 441–444)
2. Describe sales forecasting. (pp. 444–446)
3. Explain the relationship of expenses to volume, and describe variable, fixed, and semi-variable expenses. (pp. 446–452)
4. Discuss the breakeven point, and explain the breakeven point and profit target formulas. (pp. 452–454)